

HCS HB 1561 -- ST. LOUIS COUNTY SALES TAX

SPONSOR: Leara

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Local Government by a vote of 7 to 2. Voted "Do Pass with HCS" by the Select Committee on State and Local Governments by a vote of 7 to 3.

Currently, under Section 66.620, RSMo, cities in St. Louis County are divided into two groups, Group A and Group B, for the purpose of distributing the county sales tax imposed under Sections 66.600 to 66.630 and the special municipal sales tax imposed by cities in St. Louis County under Section 94.850.

Beginning January 1, 2017, this bill changes the distribution formula so that municipalities in Group B must receive at least 50% of the amount of taxes generated within the municipalities based on the location where the sales were deemed consummated. Group A excludes St. Louis County while Group B includes St. Louis County.

The Director of the Department of Revenue will make adjustments for each municipality in Group B located wholly or partly within the taxing county that would receive a distribution that is less than 50% of the amount of taxes generated within the municipality based on the location in which the sales were deemed consummated if no adjustment were made and calculate the difference between the amount that the distribution to each municipality would have been without any adjustment and the amount that equals 50% of the amount of taxes generated within the municipality based on the location in which the sales were deemed consummated. If the county and Group B cities receive more than 50% of the sales tax revenue they generate such that some of the revenue would be given to Group B cities that receive less than 50% of their generated sales tax revenue, in no event will the contributing city or county receive less than the amount they received in 2014.

When a municipality is partly in Group A and partly in Group B, the director must calculate 50% of the amount of taxes generated within the municipality based on the location in which the sales were deemed consummated by multiplying 50% by the amount of all county sales taxes collected by the director under Sections 66.600 to 66.630, less 1% for the cost of collection, that are generated within the municipality based on the location in which the sales were deemed consummated, regardless of whether the taxes are deemed consummated in Group A or Group B.

St. Louis County is authorized to impose, upon voter approval, a countywide public safety sales tax of up to 0.5%.

PROPONENTS: Supporters say that the current distribution is inequitable because certain cities contribute a disproportionate amount of the revenue.

Testifying for the bill were Representative Leara and Bob Nation, City Of Chesterfield.

OPPONENTS: Those who oppose the bill say that the pooled funds received by St. Louis County go into general revenue and the largest recipient of those funds is the county police department. Reducing this distribution would negatively affect the county police department and the safety of all county residents.

Testifying against the bill were St. Louis County Government and the City Of Florissant.

OTHERS: Others testifying on the bill say that this is a local issue and the legislature has no business trying to handle it. The distribution system is socialistic. The St. Louis County Municipal League recently adopted a new policy that would address many of the issues and concerns, including proposing a countywide public safety sales tax.

Testifying on the bill were the St. Louis County Municipal League and Representative Sue Allen.